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January 12, 1955

CAPITAL MARKET DEVELOPMENTS

Small volume of security issues last week - Two large State and local government security offerings with proceeds of 65 million dollars were issued during the week ending January 7; no large public corporate offerings were floated. This week 171 million dollars of State and local issues and a 50 million dollar public utility offering are scheduled for flotation. Public Service Electric and Gas Company postponed its 25 million dollar common stock issue which had been scheduled for offering on January 12 because of market conditions.

General Motors announced plans last week to register a 325 million dollar common stock issue to be sold by subscription rights expiring March 7. This issue would be the largest stock offering ever made by a single corporation unless one includes the convertible debenture issues of AT&T. Proceeds from this issue will be used partly for capital expenditures and partly for working capital.

Bond yields - Yields on outstanding corporate Baa and high-grade municipal bonds rose one basis point during the week ending January 7; corporate Aaa bond yields declined slightly. Treasury bond yields rose substantially last week and again on January 11.

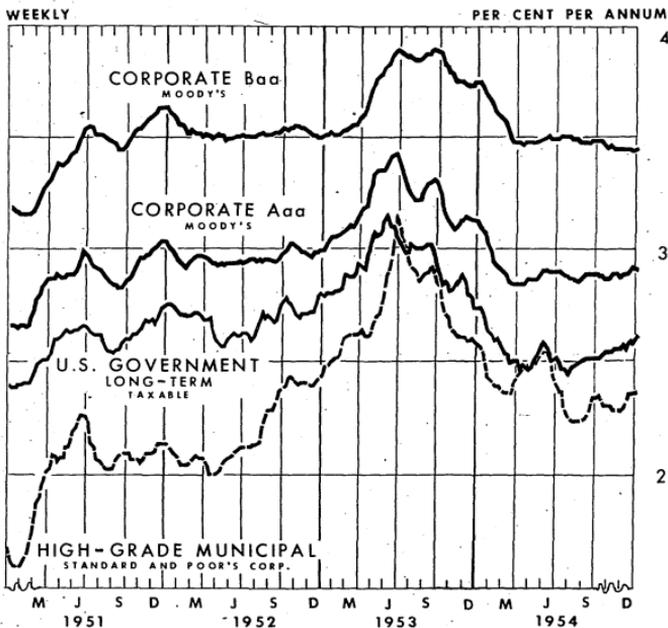
Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, dropped 3.9 points to 217.5 last week. Daily indexes indicate a small decrease on January 11 after a rise the day before. Daily trading volume increased to an average of 4.6 million shares last week but dropped sharply this Tuesday.

Further details on capital market developments available from exhibits - More detailed information concerning recent capital market developments will be found in the following exhibits which are attached hereto:

- A - Bond Yields
- B - Stock Market
- C - Corporate and State and Local Government Security Offerings and Placements
- D - Large Public Security Issues for New Capital (other than U. S. Treasury)
- E - Forthcoming Large Public Security Offerings for New Capital (other than U. S. Treasury)

Business Finance and Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

BOND YIELDS



Date	Corporate ^{1/}		U. S. Govt. long-term ^{2/}	Spread between Corporate Aaa and U. S. Govt.	High- grade Mun. ^{2/}
	Aaa	Baa			
(Per cent per annum)					
1952 - High	3.03	3.63	2.79	.37	2.43
Low	2.91	3.48	2.56	.19	2.00
1953 - High	3.42	3.89	3.15	.38	3.11
Low	2.99	3.50	2.74	.19	2.43
1954 - High	3.09	3.74	2.74	.43	2.56
Low	2.85	3.44	2.44	.32	2.23
December 10	2.89	3.45	2.56	.33	2.31
December 17	2.90	3.45	2.58	.32	2.34
December 23	2.91	3.45	2.59	.32	2.35
December 31	2.92	3.44	2.58	.34	2.35
1955 - January 7	2.91	3.45	2.62	.29	2.36

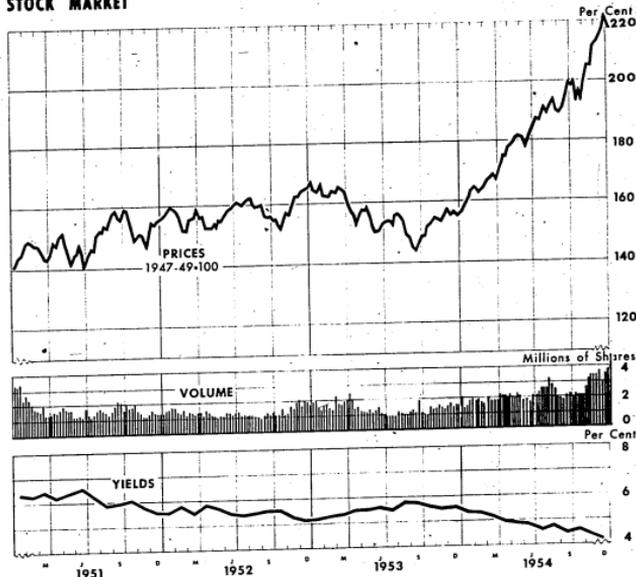
^{1/} Moody's Investors Service; weekly average of daily figures.

^{2/} Federal Reserve; weekly average of daily figures.

^{3/} Standard and Poor's Corporation; Wednesday figure.

Note.--Highs and lows are for individual series and may be on different dates for different series.

STOCK MARKET



Date	Stock price index 1/ (1947-49=100)	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent per annum)	Customers' debit balances 4/ (millions of dollars)	Bank loans to "others" for purchases of securities 5/ (millions of dollars)
1952 - High	165.3	2.0	5.77	1,328	295
Low	151.7	0.9	5.13	1,241	250
1953 - High	167.1	2.5	5.75	1,665	327
Low	144.0	0.9	5.15	1,314	252
1954 - High	221.4	3.7	5.33	2,202	487
Low	156.5	1.4	4.20	1,053	328
November	205.3	3.2	4.39	2,202	461
December	216.1	3.5	4.20	n.a.	477
December 23	217.4	3.5	n.a.	n.a.	487
December 31	221.4	3.7	n.a.	n.a.	482
1955 - January 7	217.5	4.6	n.a.	n.a.	482

1/ SEC index of 205 common stocks, weekly closing price, 1939=100; converted to 1947-49=100 by Federal Reserve.

2/ Weekly averages of daily trading volume on New York Stock Exchange.

3/ Moody's 200 common stocks; end of month figures.

4/ End of month figures for member firms of New York Stock Exchange; excludes balances secured by U. S. Government securities.

5/ Wednesday figures for weekly reporting member banks in New York and Chicago; excludes loans for purchase of U. S. Government securities. On March 4, 1953, the last date on which figures for all reporting banks were available, New York and Chicago accounted for 45 per cent of such loans. In the past New York and Chicago loans have fluctuated more than total loans.

n.a.—Not available.

Note.—Highs and lows are for individual series and may be on different dates for different series.

Corporate and State and Local Government Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1955	1954	1953	1955	1954	1953
January	e/500	544	623	e/750	396	389
February		439	623		411	360
March		660	666		565	426
April		486	779		734	329
May		652	675		748	649
June		859	1,123		853	434
July		898	483		279	519
August		346	325		261	259
September		776	753		649	475
October		895	577		594	453
November		e/300	429 ^{1/}		e/400	408
December		e/750	1,438 ^{1/}		e/800	774
1st quarter		1,643	1,912		1,372	1,176
2nd quarter		1,998	2,578		2,334	1,412
3rd quarter		2,021	1,561 ^{1/}		1,188	1,253
4th quarter		e/1,945	2,444 ^{1/}		e/1,795	1,636
Year		e/7,607	8,495		e/6,690	5,477
	Excluding finance companies ^{2/}					
1st quarter		1,562	1,669			
2nd quarter		1,931	1,991			
3rd quarter		1,941	1,223			
4th quarter		e/1,614	2,344			
Year		e/7,048	7,227			

^{1/} Includes 603 million dollar AT&T debenture issue.^{2/} Total new capital issues excluding offerings of sales and personal finance companies.

e/ Estimated.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other 2/
1953 - December	963	571	50
1954 - January	289	164	119
February	103	213	--
March	160	378	50
April	169	557	--
May	324	557	--
June	350	603	--
July	336	92	--
August	75	86	--
September	335	455	--
October	413	388	--
November	0	268	--
December	94	689	30

Large Individual Issues Offered January 1 through 7

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
None						
<u>STATE AND LOCAL GOVERNMENT</u>						
State of California	G.O.	60.0	1957-76 ^{1/2}	2.03	0.75-2.20	Aa
Caddo Parish School District, Louisiana	G.O.	5.0	1956-75	n.a.	0.80-3.00	A
<u>OTHER</u>						
None						

1/ Includes corporate and other security offerings of 15 million dollars and over; State and local government security offerings of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; and, L.L., limited liability obligations secured by pledge of designated revenues.

4/ Bonds maturing 1976 not publicly reoffered.

Forthcoming Large Public Security Offerings for New Capital
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1953 - Dec. 31	232	179	123	669	1,238	138
1954 - Jan. 29	118	161	—	479	1,660	—
Feb. 26	108	498	50	690	1,916	50
Mar. 31	204	555	—	555	2,789	—
Apr. 30	323	525	27	647	2,322	27
May 28	332	596	—	526	1,971	—
June 30	336	86	—	532	1,524	—
July 30	100	54	—	303	1,553	—
Aug. 31	334	300	—	608	1,876	—
Sept. 30	343	383	—	444	2,158	—
Oct. 29	15	436	—	135	1,957	30
Nov. 30	94	661	30	246	2,682	30
Dec. 31	184	567	—	216	2,144	35

Forthcoming Large Offerings, as of January 7

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Commonwealth Edison	SF deb.	50.0	January 11
Public Service Electric & Gas Co.	Pfd. stock	25.0	Delayed
Duquesne Light	Common stock	13.5	January 17
New England Power	1st mtg. bonds	25.0	January 18
Marine Midland Corp. of Buffalo	Pfd. stock	20.2	January 24
Consumer Power Company	1st mtg. bonds	30.0	January 25
Public Service of Oklahoma	1st mtg. bonds	20.0	January
Kansas City Power and Light	1st mtg. bonds	16.0	February 15
*General Motors Corp.	Common stock	325.0	March 7
New England Telephone and Telegraph	Common stock	15.8	March
<u>STATE AND LOCAL GOVERNMENT</u>			
New York State Bridge Authority	Rev.	21.0	January 10
Public Housing Authorities	—	118.1	January 11
Los Angeles School Dists., Cal.	G.O.	20.0	January 11
St. Louis, Missouri	G.O.	11.7	January 12

Forthcoming Large Offerings, as of January 7 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
State of Michigan	L.L.	5.0	January 18
*New York City	n.a.	65.2	January 19
Harris County, Texas	n.a.	16.0	January 25
Philadelphia, Pennsylvania	n.a.	12.0	January 25
Southeastern Oakland County Water Authority, Michigan	Rev.	5.4	January 26
Los Angeles Dept. of Water & Power	Rev.	18.0	January 26
Texas Turnpike Company	Rev.	125-150.0	January
Sam Houston Company	Rev.	150.0	January
*Allegheny County, Pennsylvania	n.a.	7.2	February 1
*San Antonio, Texas	G.O.	6.0	February 1
*Milwaukee County, Wisconsin	n.a.	15.5	February 7
*Long Beach Unified S. D., Cal.	n.a.	16.3	February 8
Florida State Board of Education	n.a.	9.2	February 8
*Houston, Texas	n.a.	15.0	March 4
New Jersey Turnpike Authority	n.a.	30.0	Winter
Connecticut Expressway	Rev.	100.0	Winter
Texas Turnpike Authority	Rev.	58.5	Winter
*Los Angeles, California	n.a.	5-10.0	Spring
*San Diego County, Cal.	n.a.	8.4	Spring
Inter-American Center Auth., Fla.	Rev.	60.0	Spring
Michigan Turnpike Authority	Rev.	186.0	Spring
State of Louisiana	n.a.	80.0	Spring
Metropolitan Water Dist. of So. Cal.	G.O.	8-10.0	Spring
Illinois Turnpike Authority	Rev.	390.0	1955
Dade County Port Authority, Fla.	Rev.	21.0	1955
Springfield, Illinois	n.a.	9.0	1955
Allegheny County, Pennsylvania Sanitary Authority	Rev.	85.0	1955
California Toll Bridge Authority	Rev.	235.0	1955
Florida State Turnpike Authority	Rev.	74.0	1955
Jersey City Sewerage Auth., N. J.	Rev.	16.0	1955
North Carolina Turnpike Authority	n.a.	200.0	1955
<u>OTHER</u>			
Montreal	Deb.	35.0	January 26

1/ Includes corporate and other issues of 15 million dollars and over; State and local government issues of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

n.a.--Not available.

*--Included in table for first time.